

# State Revolving Fund Loan Program

Spring Auditors Conference

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State Board of Accounts

## Types of Funding

SRF projects can be received in three different ways.

1. Traditional SRF projects
2. Pooled/Construction projects
3. Additional Subsidization grants

## Trust Accounts

Trust accounts will be established with Bank of New York:

1. Construction/Draw Accounts

All disbursements must be approved by the Indiana Finance Authority

2. Sinking Fund Accounts

Bond and Interest Accounts

Debt Reserve

The Bank is the paying agent on the program bonds

## Traditional SRF Projects

- Show as an Advance Grant when filing the Annual Report of Gateway
- Draws will equal Disbursements in the Construction Account.
- 50 % of the annual disbursements must be included on the Schedule of Expenditures of Federal Awards (SEFA).

## Pooled/Construction Grants

- Show as Advance grant when filing the Annual Financial Report on Gateway.
- Total project amount awarded will be deposited into the Construction Account upon closing the loan.
- 50% of the annual distributions must be included on the Schedule of Expenditures of Federal Awards (SEFA)

## Subsidization Grant

- Show as an Advance Grant when preparing Annual Financial Report on Gateway.
- Draws will equal disbursements in the Draw Account
- 100% of annual disbursements will be included on the SEFA
- If grant agreement requirements are met, there will be no loan repayment required.

## Accounting for SRF

- County will receive monthly trust statements from the Bank of New York.
- Auditor should review and reconcile the deposits to the grant agreement and the disbursements to the claims submitted for payment.
- It would be helpful to keep a ledger of monthly deposits and disbursements to assist in preparing the information for the Annual Financial Report.

## Accounting for SRF (cont.)

- County will receive the claims for payments from the vendors and contractors on the project.
- Claims should be processed and approved in the same manner as other claims.
- Approved claim will then be submitted to IFA for approval prior to a draw/disbursement being authorized from the SRF funds.

## Accounting for SRF (cont.)

- Debt payments for Principal and Interest and the Debt Reserve requirements will be processed in the same manner as all debt payments.
- Payments will be made to the Bank of New York as paying agent for the SRF Bonds.

## Debt Schedule

- The SRF debt does need to be included on the County's Debt Schedule that is filed with the Annual Financial Report on Gateway.

## Capital Asset Schedule

- All infrastructure assets constructed as part of the SRF project will need to be included on the Capital Asset Schedule
- If the project is not complete, the accumulated disbursements will be included in the Construction in Progress.

## CFDA Numbers for SEFA

- State Revolving Loan Fund
  - Clean Water SRF: 66.458
  - Drinking Water SRF: 66.468
- Brownfields Revolving Loan Fund
  - Brownfields 66.818

## Other Information for SEFA

- Federal Grantor Agency
  - Environmental Protection Agency (EPA)
- Pass-through Agency
  - Indiana Finance Authority (IFA)

## Other Information for SEFA

- Program Titles
  - 66.458 Capitalization Grants for Clean Water State Revolving Funds
  - 66.468 Capitalization Grants for Drinking Water State Revolving Funds
  - 66.818 Brownfields Assessment and Cleanup Cooperative Agreements

## Funds Ledger

- Because the County does not have control over the Trust Accounts held at the Bank of New York, they should not be included on the Annual Financial Report for reports issued under the Regulatory format, Funds ledger, or Cash Book.